

House File 444 - Introduced

HOUSE FILE _____
BY PAULSEN

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the sales tax imposed on the sale of tangible
2 personal property and the furnishing of enumerated services
3 and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2445YH 83
6 tw/rj/5

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1 1 Section 1. SALES TAX DECREASED == EFFECTIVE DATE.
1 2 1. Notwithstanding the rate specified in section 423.2,
1 3 the rate of the sales tax imposed under chapter 423 upon the
1 4 sales price of the sale of tangible personal property and the
1 5 furnishing of enumerated services sold in the state shall be
1 6 five and five-eighths percent.
1 7 2. This section of this Act takes effect at the end of the
1 8 calendar day on November 1, 2010.
1 9 Sec. 2. SALES TAX INCREASED == EFFECTIVE DATE.
1 10 1. Notwithstanding the rate specified in section 1 of this
1 11 Act, the rate of the sales tax imposed under chapter 423 upon
1 12 the sales price of the sale of tangible personal property and
1 13 the furnishing of enumerated services sold in the state shall
1 14 be six percent.
1 15 2. This section of this Act takes effect at the beginning
1 16 of the calendar day on November 3, 2010.
1 17 Sec. 3. EXEMPTIONS == REFUNDS. The decrease or the
1 18 increase in the sales tax rate, as specified in sections 1 and
1 19 2 of this Act, shall not be construed as affecting the
1 20 operation of the exemptions specified in section 423.3 or the
1 21 refunds specified in section 423.4.
1 22 EXPLANATION
1 23 This bill relates to the sales tax imposed on the sale of
1 24 tangible personal property and the furnishing of enumerated
1 25 services and to a proposed amendment to the Iowa constitution
1 26 dedicating a portion of state revenue for purposes of
1 27 benefiting natural resources.
1 28 In 2008, the 82nd General Assembly passed Senate Joint
1 29 Resolution 2002 proposing an amendment to the Constitution of
1 30 the State of Iowa to dedicate a portion of state revenue from
1 31 the sales tax imposed on certain retail sales of tangible
1 32 personal property and services for the benefit of the state's
1 33 natural resources. The resolution creates a natural resources
1 34 and outdoor recreation trust fund within the state treasury
1 35 and not within the general fund of the state. Moneys in the
2 1 fund cannot be used for any purpose other than protecting and
2 2 enhancing water quality and natural areas in this state
2 3 including parks, trails, and fish and wildlife habitat, and
2 4 conserving agricultural soils in this state. No revenue is
2 5 credited to the fund until the sales tax rate is increased.
2 6 Whenever the rate is increased, the amount generated by the
2 7 increase is credited to the fund, but the amount credited
2 8 cannot exceed the amount that a rate of 3/8ths of 1 percent
2 9 would generate.
2 10 Before it can become law, Senate Joint Resolution 2002 must
2 11 be passed by a majority of the 83rd General Assembly and then
2 12 approved by a majority of the voters of Iowa at the 2010
2 13 general election. The 2010 general election will take place
2 14 on November 2. If approved by a majority of Iowa voters, the
2 15 Constitution of the State of Iowa is amended effective as of
2 16 the date of the general election.
2 17 Currently, the tax on sales and services in Iowa is imposed
2 18 at the rate of 6 percent. This bill provides for a decrease
2 19 in the rate to 5 and 5/8ths percent. This decrease takes

2 20 effect at the end of the calendar day on November 1, 2010.
2 21 The bill also provides for a rate increase from 5 and 5/8ths
2 22 percent to 6 percent, effectively restoring the current rate.
2 23 This increase takes effect at the beginning of the calendar
2 24 day on November 3, 2010. If the voters approve the amendment
2 25 to the Constitution of the State of Iowa, the rate increase
2 26 would trigger the provisions of the constitutional amendment,
2 27 thereby directing revenue to the natural resources and outdoor
2 28 recreation trust fund in an amount not to exceed 3/8ths
2 29 percent.
2 30 LSB 2445YH 83
2 31 tw/rj/5